



House of Representatives

General Assembly

File No. 410

January Session, 2007

Substitute House Bill No. 5707

House of Representatives, April 10, 2007

The Committee on Planning and Development reported through REP. FELTMAN of the 6th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT PROHIBITING THE DIMINISHMENT OR ELIMINATION OF MUNICIPAL RETIREE BENEFITS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (NEW) (*Effective from passage*) Notwithstanding any
- 2 provision of the general statutes or special act 01-1, no municipality or
- 3 special taxing district that provides, as of the effective date of this
- 4 section, a pension and retirement system for its officers and employees
- 5 and their beneficiaries shall diminish or eliminate any right or benefit
- 6 granted to any retiree under such retirement or pension system that
- 7 was in effect on the date of such retiree's retirement. The provisions of
- 8 this section shall not be construed to prohibit a municipality or special
- 9 taxing district from changing the administration of such retiree's
- 10 retirement benefits as long as the rights and benefits provided to such
- 11 retiree after any change in the administration are at least equivalent to
- 12 the rights and benefits provided prior to such change.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	New section
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LAB *Joint Favorable C/R* PD

PD *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 08 \$	FY 09 \$
Waterbury	Preclude Savings	Potential	Potential

Explanation

The bill bans a municipality or special taxing district from diminishing or eliminating a pension or retirement system right or benefit granted to a retiree at the time the employee retires. Since current law, unchanged by the bill, prohibits any diminishment or elimination of rights or benefits granted to an individual under any municipal retirement or pension system, the bill will have no fiscal impact on municipalities.

However, since the bill specifically supersedes the law creating the Waterbury Financial Planning and Assistance Board (SA 01-1) it could impact the city of Waterbury. Under the bill, if the Waterbury Financial Planning and Assistance Board were to reassert control over the city, the Board would be unable to achieve savings based on diminishing or eliminating a pension or retirement system right or benefit granted to a retiree at the time the employee retires.

OLR Bill Analysis**sHB 5707*****AN ACT PROHIBITING THE DIMINISHMENT OR ELIMINATION OF MUNICIPAL RETIREE BENEFITS.*****SUMMARY:**

This bill bans a municipality or special taxing district from diminishing or eliminating a pension or retirement system right or benefit granted to a retiree at the time the employee retires. The bill is similar to an existing law that prohibits any diminishment or elimination of rights or benefits granted to an individual under any municipal retirement or pension system (CGS § 7-450) except that the bill specifically supersedes the law creating the Waterbury Financial Planning and Assistance Board (SA 01-1).

The bill permits a municipality or special taxing district to change the retirement plan administration if the rights and benefits provided after the change are at least equivalent to the rights and benefits provided previously.

EFFECTIVE DATE: Upon passage

BACKGROUND***Waterbury Financial Planning and Assistance Board***

SA 01-1 created a state board to oversee Waterbury's finances and gave the board broad power over the city's budgets, union contracts, and other financial matters. Under SA 01-1, the board ceased its oversight when, for four consecutive years, the city's did not run a budget deficit and met other goals. But the law also requires the board to reassert control over the city if certain financial goals are not met in the future.

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable Change of Reference

Yea 7 Nay 2 (02/22/2007)

Planning and Development Committee

Joint Favorable Substitute

Yea 14 Nay 5 (03/23/2007)